

SENATE BILL No. 487

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-3-23.

Synopsis: Taxation of foundries and machine shops. Expands to foundries and machine shops (including turned product and screw, nut, and bolt manufacturing establishments) the equipment valuation rules that apply to integrated steel mills and oil refinery/petrochemical companies.

Effective: January 1, 2004 (retroactive).

Meeks R

January 13, 2004, read first time and referred to Committee on Finance.

C
o
p
y



Introduced

Second Regular Session 113th General Assembly (2004)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2003 Regular Session of the General Assembly.

SENATE BILL No. 487

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-1.1-3-23, AS ADDED BY P.L.120-2003,
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2004 (RETROACTIVE)]: Sec. 23. (a) ~~For purposes of~~
4 **The following definitions apply throughout** this section:

5 (1) "Adjusted cost" refers to the adjusted cost established in 50
6 IAC 4.2-4-4 (as in effect on January 1, 2003).

7 (2) "Depreciable personal property" has the meaning set forth in
8 50 IAC 4.2-4-1 (as in effect on January 1, 2003).

9 (3) **"Foundry" means a person that engages in an industry**
10 **that qualifies for inclusion in NAICS industry group code**
11 **3315 (foundries).**

12 ~~(3)~~ (4) "Integrated steel mill" means a person that produces steel
13 by processing iron ore and other raw materials in a blast furnace.

14 (5) **"Machine shop" means a person that engages in an**
15 **industry that qualifies for inclusion in NAICS industry group**
16 **code 3327 (machine shop; turned product; and screw, nut,**
17 **and bolt manufacturing).**



C
o
p
y

(6) "NAICS code" refers to the North American industry classification system identification number for and definition of sectors, subsectors, industry groups, industries, and industry subgroups, as specified in the document published by the United States Department of Commerce and entitled "2002 US NAICS Manual North American Industry Classification System--United States, 2002".

(7) "Oil refinery/petrochemical company" means a person that produces a variety of petroleum products by processing an annual average of at least one hundred thousand (100,000) barrels of crude oil per day.

(5) (8) "Permanently retired depreciable personal property" has the meaning set forth in 50 IAC 4.2-4-3 (as in effect on January 1, 2003).

(6) (9) "Pool" refers to a pool established in 50 IAC 4.2-4-5(a) (as in effect on January 1, 2003).

(7) (10) "Special integrated steel mill or oil refinery/petrochemical equipment" means depreciable personal property, other than special tools and permanently retired depreciable personal property:

(A) that:

(i) is owned, leased, or used by an integrated steel mill or an entity that is at least fifty percent (50%) owned by an affiliate of an integrated steel mill; and

(ii) falls within Asset Class 33.4 as set forth in IRS Rev. Proc. 87-56, 1987-2, C.B. 647; or

(B) that:

(i) is owned, leased, or used as an integrated part of an oil refinery/petrochemical company or its affiliate; and

(ii) falls within Asset Class 13.3 or 28.0 as set forth in IRS Rev. Proc. 87-56, 1987-2, C.B. 647;

(C) that:

(i) is owned, leased, or used as an integrated part of a foundry or its affiliate; and

(ii) falls within Asset Class 13.3 or 28.0 as set forth in IRS Rev. Proc. 87-56, 1987-2, C.B. 647; or

(D) that:

(i) is owned, leased, or used as an integrated part of a machine shop or its affiliate; and

(ii) falls within Asset Class 13.3 or 28.0 as set forth in IRS Rev. Proc. 87-56, 1987-2, C.B. 647.

(8) (11) "Special tools" has the meaning set forth in 50

**C
o
p
y**



IAC 4.2-6-2 (as in effect on January 1, 2003). ~~and~~

~~(9)~~ **(12)** "Year of acquisition" refers to the year of acquisition determined under 50 IAC 4.2-4-6 (as in effect on January 1, 2003).

(b) Notwithstanding 50 IAC 4.2-4-4, 50 IAC 4.2-4-6, and 50 IAC 4.2-4-7, a taxpayer may elect to calculate the true tax value of the taxpayer's **foundry, machine shop**, special integrated steel mill, or oil refinery/petrochemical equipment by multiplying the adjusted cost of that equipment by the percentage set forth in the following table:

Year of Acquisition	Percentage
1	40%
2	56%
3	42%
4	32%
5	24%
6	18%
7	15%
8 and older	10%

(c) The department of local government finance shall designate the table under subsection (b) as "Pool No. 5" on the business personal property tax return.

(d) The percentage factors in the table under subsection (b) automatically reflect all adjustments for depreciation and obsolescence, including abnormal obsolescence, for **foundry, machine shop**, special integrated steel mill, or oil refinery/petrochemical equipment. The equipment is entitled to all exemptions, credits, and deductions for which it qualifies.

(e) The minimum valuation limitations under 50 IAC 4.2-4-9 do not apply to **foundry, machine shop**, special integrated steel mill, or oil refinery/petrochemical equipment valued under this section. The value of the equipment is not included in the calculation of that minimum valuation limitation for the taxpayer's other assessable depreciable personal property in the taxing district.

(f) An election to value **foundry, machine shop**, special integrated steel mill, or oil refinery/petrochemical equipment under this section:

- (1) must be made by reporting the equipment under this section on a business personal property tax return;
- (2) applies to all of the taxpayer's **foundry, machine shop**, special integrated steel mill, or oil refinery/petrochemical equipment located in the state (whether owned or leased, or used as an integrated part of the equipment); and
- (3) is binding on the taxpayer for the assessment date for which

C
o
p
y



the election is made.

The department of local government finance shall prescribe the forms to make the election beginning with the March 1, 2003, assessment date **for special integrated steel mill or oil refinery/petrochemical equipment and beginning with the March 1, 2004, assessment date for foundry or machine shop equipment.** Any **foundry, machine shop**, special integrated steel mill, or oil refinery/petrochemical equipment acquired by a taxpayer that has made an election under this section is valued under this section.

(g) If fifty percent (50%) or more of the adjusted cost of a taxpayer's property that would, notwithstanding this section, be reported in a pool other than Pool No. 5 is attributable to **foundry, machine shop**, special integrated steel mill, or oil refinery/petrochemical equipment, the taxpayer may elect to calculate the true tax value of all of that property as **foundry, machine shop**, special integrated steel mill, or oil refinery/petrochemical equipment. The true tax value of property for which an election is made under this subsection is calculated under subsections (b) through (f).

SECTION 2. [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]

(a) The amendments made to IC 6-1.1-3-23 by this act apply only to property taxes first due and payable after December 31, 2004.

(b) This SECTION expires January 1, 2006.

SECTION 3. An emergency is declared for this act.

C
o
p
y

